

Message Text

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12

ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 L-03 ITC-01 /062 W

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R 271819Z FEB 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 6025

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USDEL MTN GENEVA

LIMITED OFFICIAL USE ROME 3261

E.O. 11652: N/A

TAGS: ETRD, PFOR, EEC, IT

SUBJECT: ITC FOOTWEAR CASE: ITALY

1. BEGIN UNCLASSIFIED. ITALIAN ECONOMIC PRESS HAS CARRIED SEVERAL ARTICLES ON INTERNATIONAL TRADE COMMISSION'S (ITC) FEBRUARY 20 FINDING THAT INCREASED IMPORTS HAVE CAUSED SERIOUS DAMAGE TO THE US SHOE INDUSTRY AND RECOMMENDATIONS FOR RELIEF. ONE ARTICLE STATES THAT "OUR LAST HOPE TO AVOID DISASTER IS THE BENEVOLENCE OF PRESIDENT FORD." ARTICLES ARGUE THAT HIGHER AD VALOREM TARIFFS, SUCH AS RECOMMENDED BY 3 COMMISSIONERS, WOULD HAVE MUCH GREATER IMPACT ON ITALY THAN ON OTHER FOREIGN SUPPLIES SINCE ITALIAN FOOTWEAR IS HIGHER PRICED. 24 ORE OF MILAN REMARKS THAT SUCH TARIFFS "COULD CONSTITUTE THE FINAL BLOW TO OUR POSITION IN THE AMERICAN MARKET." END UNCLASSIFIED.

2. BEGIN LOU. MINISTRY FOREIGN TRADE (MFT) SOURCES INDICATE THAT FRENCH GOVERNMENT AND FOOTWEAR INDUSTRY ARE "UPSET" OVER PRESENT MAGNITUDE OF ITALIAN FOOTWEAR EXPORTS TO FRANCE, WHICH THEY FEAR WILL BE INCREASED AS RESULT OF DEVALUATION OF LIRA SINCE JANUARY 21, AND HAVE LIMITED OFFICIAL USE

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ASKED ITALIANS TO EXERCISE SELF RESTRAINT IN EXPORTS TO

FRANCE. MFT FEARS THAT GOF MIGHT IMPOSE SOME TYPE OF RESTRAINTS, EVEN IF ONLY EXTENDED DELAYS IN EXAMINATION OF DOCUMENTS, IF ITALIAN FOOTWEAR EXPORTS ARE NOT REDUCED. THEY CITE "WINE WAR" AS EXAMPLE OF FRENCH WILLINGNESS FLAUNT EC REGULATIONS AND INTERPOSE BARRIERS TO FREE CIRCULATION OF GOODS WITHIN THE COMMUNITY.

3. ITALIAN FOOTWEAR EXPORTS, WHICH ARE A SIGNIFICANT ITEM IN ITALIAN TRADE ACCOUNT, ALREADY ADVERSELY AFFECTED BY SWEDEN'S UNILATERAL MEASURES.

4. COMMENT. AS RESULT OF INCREASING COMPETITION FROM INTER ALIA SPAIN, BRAZIL, SOUTH KOREA AND TAIWAN, ITALIAN FOOTWEAR INDUSTRY HAS DELIVERATELY SHIFTED INTO HIGHER PRICED LINES FOR US MARKET. PRICE BREAK ASPECT OF 3 COMMISSIONERS RECOMMENDATION REDUCES TO SOME EXTENT THE ADVERSE IMPACT ON ITALIAN FOOTWEAR EXPORTS, BUT WILL STILL WEIGH HEAVILY ON THOSE EXPORTS VALUED AT SIGNIFICANTLY MORE THAN \$6.00 A PAIR. ANY USG RESTRICTIVE MEASURES ARE (UNFORTUNATELY) LIKELY TO BE CITED BY SEGMENTS OF ITALIAN PRESS AS QTE YET ANOTHER EXAMPLE OF US INTERVENTION IN ITALIAN AFFAIRS UNQTE. END LOU.BEAUDRY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, IMPORTS, TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ROME03261
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760075-0982
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976025/aaaaadia.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by ElyME>; APPROVED <07 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITC FOOTWEAR CASE: ITALY
TAGS: ETRD, PFOR, EPAP, IT, FR, US, EEC, ITC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006